



Ernie Fletcher
Governor

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

December 5, 2007

Chris Brewer, PE
Vice President of Engineering
Blue Grass Energy Cooperative Corp.
P. O. Box 990
1201 Lexington Road
Nicholasville, KY 40340-0990

CERTIFICATE OF SERVICE

RE: Case No. 2006-00475
Blue Grass Energy Cooperative Corp.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 5, 2007.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/tw
Enclosure



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Honorable Howard Downing
Attorney at Law
109 South First Street
Nicholasville, KY 40356

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY)	
COOPERATIVE CORPORATION TO)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS)	2006-00475
WHOLESALE POWER SUPPLIER PURSUANT)	
TO KRS 278.455(2))	

O R D E R

On January 29, 2007, Blue Grass Energy Cooperative Corporation (“Blue Grass”) submitted an application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007 to pass-through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. (“EKPC”) in Case No. 2006-00472.¹ Blue Grass filed an entry of appearance by its legal counsel on February 6, 2007, and the application was accepted as filed on that date.

On April 1, 2007 in Case No. 2006-00472, the Commission authorized, subject to refund, an interim \$19.0 million annualized increase in EKPC’s wholesale revenues to be effective for service rendered on and after April 1, 2007. Therefore, pursuant to KRS 278.455 we authorized an interim increase in Blue Grass’s revenues of \$1,940,957, effective for service rendered on and after April 1, 2007.

The Commission issued an Order this date in Case No. 2006-00472 approving the interim increase of \$19.0 million in annualized revenues as the final increase for EKPC. Consequently, the Commission finds that Blue Grass’s April 1, 2007 interim

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

increase in revenues of \$1,940,957 should be approved as the final and permanent increase authorized in this proceeding.

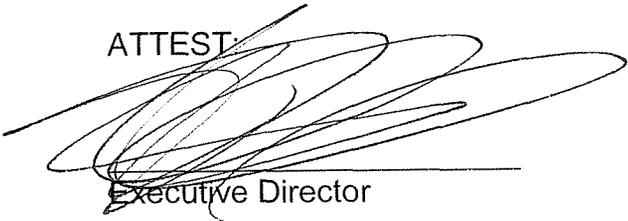
In its July 25, 2007 Order in Case No. 2006-00512,² the Commission approved the transfer, or roll-in, of 6.47 mills per kWh from Blue Grass's Fuel Adjustment Clause to its base rates. The rates incorporating this roll-in were effective for service rendered on and after August 1, 2007. Blue Grass's base rates at the time of the roll-in reflected the \$1,940,957 interim increase in revenues approved by the Commission on April 1, 2007. As the Commission has found in this Order that the \$1,940,957 increase in revenues should be made permanent and no additional increase in revenues has been approved, no change or revision to Blue Grass's current rates will be necessary.

IT IS THEREFORE ORDERED that the April 1, 2007 interim increase in revenues of \$1,940,957 is approved as the final increase in revenues authorized in this proceeding. No change to Blue Grass's base rates is necessary.

Done at Frankfort, Kentucky, this 5th day of December, 2007.

By the Commission

ATTEST:



Executive Director

² Case No. 2006-00512, An Examination of the Application of the Fuel Adjustment Clause of Blue Grass Energy Cooperative Corporation from November 1, 2004 to October 31, 2006.